

Fiscal Estimate - 2009 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number 09-0947/1		Introduction Number AB-0074	
Description Creating a nonrefundable individual income tax credit for certain amounts relating to health savings accounts that may be deducted from, or are exempt from, federal income taxes			
Fiscal Effect			
State:			
<input type="checkbox"/> No State Fiscal Effect			
<input type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input checked="" type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	
		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
		<input type="checkbox"/> Decrease Costs	
Local:			
<input type="checkbox"/> No Local Government Costs			
<input type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs		3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected			
<input type="checkbox"/> Towns		<input type="checkbox"/> Village <input type="checkbox"/> Cities	
<input type="checkbox"/> Counties		<input type="checkbox"/> Others 0	
<input type="checkbox"/> School Districts		<input type="checkbox"/> WTCS Districts	
Fund Sources Affected		Affected Ch. 20 Appropriations	
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS			
Agency/Prepared By		Authorized Signature	
DOR/ Bradley Caruth (608) 261-8984		Rebecca Boldt (608) 266-6785	
		Date	
		3/2/2009	

Fiscal Estimate Narratives

DOR 3/2/2009

LRB Number	09-0947/1	Introduction Number	AB-0074	Estimate Type	Original
Description Creating a nonrefundable individual income tax credit for certain amounts relating to health savings accounts that may be deducted from, or are exempt from, federal income taxes					

Assumptions Used in Arriving at Fiscal Estimate

Under current federal law, individuals are allowed a deduction from federal gross income for amounts contributed during the taxable year to a health savings account (HSA). Earnings on the accounts are also tax-deductible, and account funds may be withdrawn tax-free when used to pay for routine and preventive medical care. Wisconsin has not adopted the federal treatment of HSAs.

This bill creates a nonrefundable individual income tax credit equal to 6.5% of the amount that the individual claims as a federal tax deduction for a contribution to a HSA or 6.5% of the federal tax exempt earnings related to a HSA or both.

The fiscal effect of the bill can be calculated based on past deductions claimed by Wisconsin residents and the Federal Joint Committee on Taxation's estimate of the growth in the federal fiscal impact of HSAs. Using this methodology, it is estimated that allowing a deduction for amounts contributed to HSAs will decrease revenue by \$11.2 million in fiscal year 2010, \$14.8 million in fiscal year 2011 and \$19.8 million in fiscal year 2012.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

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Description Creating a nonrefundable individual income tax credit for certain amounts relating to health savings accounts that may be deducted from, or are exempt from, federal income taxes	
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):	
II. Annualized Costs:	Annualized Fiscal Impact on funds from:
	Increased Costs Decreased Costs
A. State Costs by Category	
State Operations - Salaries and Fringes	\$
(FTE Position Changes)	
State Operations - Other Costs	
Local Assistance	
Aids to Individuals or Organizations	
TOTAL State Costs by Category	\$
B. State Costs by Source of Funds	
GPR	
FED	
PRO/PRS	
SEG/SEG-S	
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)	
	Increased Rev Decreased Rev
GPR Taxes	\$
GPR Earned	\$-14,800,000
FED	
PRO/PRS	
SEG/SEG-S	
TOTAL State Revenues	\$
NET ANNUALIZED FISCAL IMPACT	
	State Local
NET CHANGE IN COSTS	\$
NET CHANGE IN REVENUE	\$-14,800,000
Agency/Prepared By	Authorized Signature
DOR/ Bradley Caruth (608) 261-8984	Rebecca Boldt (608) 266-6785
	Date
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